



Foreign Agricultural Service

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## Italy

### Retail Food Sector

### Overview of Pet Food Market

2000

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#### Report Highlights:

**The Italian Pet Food market offers possibilities for US exporters. While most major US pet foods are now available on the shelves of Italian stores there is still more room as pet food expenditures increase each year because as an indication of better economic times Italians are buying more pets and eating out at restaurants more often. When people eat out at restaurants there are fewer leftovers for the pets so pet food is a necessity.**

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## Pet Food Summary

Studies show that Italy is an emerging market for the pet food industry. In 1997, nearly 10 million Italian families owned at least one pet. Pets are becoming an integral part of their families. The population of cats and dogs in Italy increases at an average annual rate of 1.4% which follows an elevated growth trend of pets throughout the European Union countries. On average, pet owners spend about US \$1.00 every day on their cats and even more for their dogs. A 1997 survey revealed that nearly US \$1.0 billion was spent on the pet food market in Italy. Cat food made up over 50 per cent of the market and dog food made up over 40 per cent of the rest. Fish, turtles, birds and rodents made up the remaining amounts.

Domestic animals are very important to their Italian owners. Public campaigns in favor of animal kindness has boosted awareness to the animal cruelty of past years. Health and duration of animal pets is 15 to 20% higher than 10 years ago when it was more common to adopt a puppy or kitten in the fall and then abandon them as people departed for their month-long summer vacation. Not only are the owners taking better care of their pets, some also feel an obligation to feed stray animals as well.

With the changing eating habits of owners, comes a change in that of their pets. People are consuming more meals outside of the home which leads to less meals being prepared in home, therefore less leftovers are being given to their pets. Ta-dah! Demand for pet food is increasing! In 1997, very little pet food was available on the supermarket shelves and even less in the small corner groceries. Now, major supermarkets have whole aisles dedicated to pet foods and supplies.

Most new to market pet foods is imported and when companies determine there is a demand for their product they begin producing in Italy or neighboring EU member countries to avoid the high transportation costs from the United States as well as the high EU duties. Goods have free duty-free, customs-free transport from one EU member country to another. Many importers avoid onerous, strict Italian customs inspection by landing in France or Spain and transporting by truck to the Italian markets.

Pets living in Italian households are considered to be real friends and even psychological aids. This may be due to Italy's low birth rate, changes in family structures, or just for the mere companionship a pet offers. In some cases, the ownership of certain breed animals is a status symbol. With an increase in affection toward their animals comes a spontaneity to buy special treats for their pets. It is expensive to own a pet in Italy, but the owners believe that the benefits outweigh the costs.

## Specialty Food Market

There is a growing concern with the health and nutritional needs of pets as well as a desire to satisfy their tastebuds. With this concern brings forth a new specialty pet food market. There are now petfood products with reduced calories, reduced fats, reduced sugars, and added vitamins. These new products are marketed to those owners wishing to reduce the aging symptoms of their pets. Many house pets lack exercise and with as many as 40 to 50% being overweight, some require a lighter diet. Another niche of this market is dedicated to the anti-allergy, skin and fur hygiene, anti-plaque specifically for teeth, and bone and muscle health products. These specialty lines are costly, almost double that of the conventional pet food.

## Consumption

In Italy, owners are dedicating less time to making meals for their pets. Even those who do prepare at home meals for their pets, sometime require store bought pet food from time to time, in case of emergency.

Only 22% of Italy's pet caloric requirements are covered by industrial petfood products. This is low compared to France (40 - 60%), USA (80%), and the UK (65%). These figures show that there is much room for expansion in this market.

Despite the fact that most Italians believe that industrial pet food is half way between first quality and inferior quality meat by-products, processed pet food is now seen as a more convenient, modern, practical, and effective way of feeding their pets with a well balanced diet.

The kind of pet food one buys depends on several factors; storage space in house, recommendations of veterinarians and pet store owners, expiration dates and nutritional information on package, as well as brand loyalty. Brand loyalty is important for those who have pets with refined senses, especially cats. Pets are unable to choose the food their owners buy, therefore it is important for a product to pleasing to the owner whether it be packaging, pricing, aroma, etc. Private labels are very important in the pet food market.

Over 60,000 stores in Italy sell pet food. This includes supermarkets, agri-stores, pharmacies, fishing and hunting stores, garden stores, etc. There are over 4,000 pet shops alone that sell pet food. Studies show that grocery stores have the most room for growth due to the convenience of doing "one stop shopping".

## Packaging

In general, there are only 2 types of pet food: dry and wet/moist food. The wet/moist products are sold in tins and single portion pull top cans. Dry food is sold in boxes and bag forms. The single serving cans, especially those of the “gourmet” variety have a great success in Italy.

## Prices

Prices vary incredibly in Italy, especially for the dried packaged foods. An 8 pound bag of dog food (3.62 kilos) that costs between US\$ 3.00 to \$4.00 in the United States can cost anywhere from US\$6.00 to \$20.00, regardless of product origin. Different brands have different prices. Some brands are proud that their products are unavailable in supermarkets and charge higher, more exclusive prices because of it.

Wet/moist dog food in a 3.5 oz. Can (100 grams) with a pull back aluminum foil top costing between US\$0.50 to \$0.70 in the United States consistently costs around US\$1.00 in Italian stores regardless of supermarket or pet shop. Of course, the more exclusive priced product is also available at 50 to 100% increases in price.

## US Export Opportunities

Like with other products find a good importer or distributor who knows the market intricacies. Avoid new to market segment importers/distributors. Above all, don't ship your product to Italy hoping to find someone to buy your product once it arrives! This is a shipment waiting for disaster. People will wait to see how much you will sweat before you pay them to take your product off your hands as the daily port storage fees accelerate.

Many of the pet foods found in the United States are also found on the shelves in Italy. Nevertheless, the selection isn't as wide in Italy as in US pet shops or supermarkets. You may want to visit the pet shops and supermarkets to determine which segment you will orient your marketing campaign. A wise marketing campaign would identify one label for pet shops and another for supermarkets thus enabling you to hit both market segments.

Many US producers after three or four years of shipping pet food to Italy decide that it is more efficient and profitable to open production facilities in the Italy or other EU member countries to avoid high transportation costs and EU tariffs. Inspection isn't as stringent for EU produced products as it is for imported products.